



Internal Audit Report

**Superintendent of Schools
February 2004**



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Andrew Kunasek, Chairman, Board of Supervisors
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We have completed our FY 2004 review of the Superintendent of Schools Office (SOS). This audit was performed in accordance with the annual audit plan approved by the Board of Supervisors. The specific areas reviewed were selected through a formal risk-assessment process.

Highlights of this report include the following:

- An SOS fund balance of \$17,700, comprised of fees from grazing on public lands, could be transferred to the County General Fund
- Warrants are effectively processed for the 41 school districts serviced by Maricopa County
- Internal controls over cash receipts and payroll garnishments could be improved

Within this report you will find an executive summary, specific information on the areas reviewed, and SOS's response to our recommendations. We have reviewed this information with the Deputy Superintendent of Schools and appreciate the excellent cooperation provided by management and staff. If you have any questions, or wish to discuss the information presented in this report, please contact Joe Seratte at 506-6092.

Sincerely,

A handwritten signature in cursive script that reads "Ross L. Tate".

Ross L. Tate
County Auditor

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Executive Summary

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There is a lack of segregation of duties within the garnishment process. The controls in place are not adequate to ensure the safeguarding of assets. SOS should segregate cash receipt, cash disbursement, and accounting duties. In addition, SOS should ensure that monthly fund reconciliations are reviewed and approved by an individual not involved in the garnishment process.

Grazing Fees (Page 11)

A balance of \$17,700 in the County School Fund is available for transfer to the County General Fund. The monies, originating from federal grazing fees, have accumulated in the fund since 1995. SOS should work with County management to transfer the money to the General Fund and periodically monitor the fund to make sure all revenues are received.

Warrant Processing (Page 12)

Adequate controls are in place over warrant processing. The payroll and accounts payable warrants and payment vouchers reviewed were processed accurately. No significant exceptions were noted.

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Our review of five key performance measures found controls in place, but also found some minor exceptions with results. Two of five measures were certified as accurate. SOS should conduct surveys timely and ensure results reflect measure definition.

General Technology Controls (Page 16)

SOS general information technology (IT) controls over the Comprehensive Information Management System for Schools (CIMS) appear to be adequate overall. However, controls to identify users with inappropriate system access could be improved. In addition, the SOS does not have a formal disaster recovery and business continuity plan. SOS should strengthen controls over these IT areas.

Introduction

Background

The Maricopa County Superintendent of Schools (SOS) is an elected officer of the County. The first County Superintendent of Schools in Maricopa County was elected in 1871. SOS is regulated by Title 15 of the Arizona Revised Statutes, which outlines the legal and mandated requirements of the department's functions.

The Superintendent's responsibilities include:

- Serving as the fiscal agent for school districts, with total annual expenditures of more than \$300 million
- Providing educational programs and support services for students
- Maintaining payroll services for school district employees
- Conducting school district elections
- Administration of home instruction
- Providing technological support for school districts
- Administration of consortium of 12 small schools
- Maintain teacher and administrator certification records

The Superintendent also oversees and is the governing board for the Maricopa County Regional Schools District, which provides alternative educational services to school districts and students throughout Maricopa County.

Mission, Goals, and Performance Measures

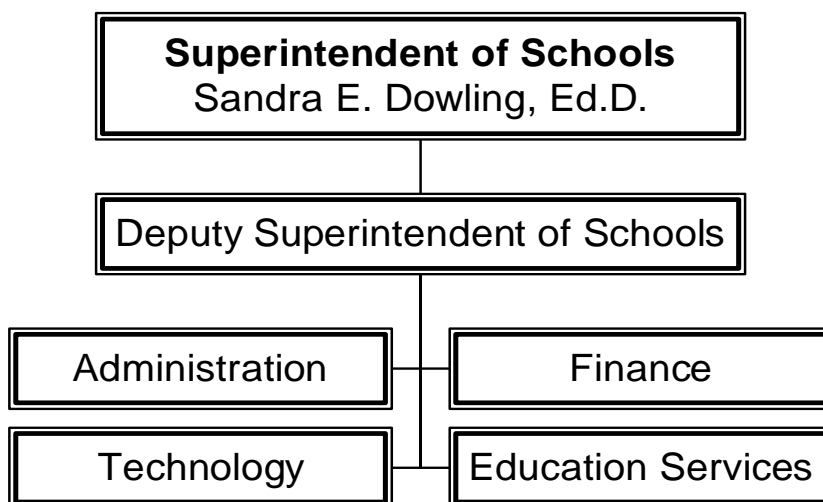
The mission of the SOS is to provide fiscal and educational services to school districts and the community so they can ensure that students receive the best possible education in order to meet the challenges of tomorrow. The office's vision is to provide cost-effective leadership and support services to school districts and the community to ensure that students meet their future educational challenges and become contributing members of society. SOS has developed formal goals, which include:

- Developing a comprehensive technology plan to address current and future technology needs
- Implementing a public relations strategy that will provide an awareness of programs and services available to the community
- Developing a Local Education Service Agency (LESA) training program that will support the educational and administrative needs of school districts and charter schools

Organizational Structure

SOS is authorized 30 positions, including the position of Superintendent of Schools. The chart below depicts the department's organizational structure. Following the organizational chart, the primary functions of each operating division are summarized.

SUPERINTENDENT OF SCHOOLS



Administration: The division provides internal administrative support to the SOS office. The division is responsible for human resource administration, department payroll, MFR data collection and reporting, as well as overseeing the elections, administration of education services for the charter schools, private schools, small schools consortium, and the regional accommodation schools.

Finance Division: Provides fiscal services to 41 school districts including monitoring of budget and cash controlled funds, printing of school district payroll and expense warrants, reconciliations of monthly fund cash balances, monitoring of teachers' and administrators' certifications, and processing of garnishments.

Technology Division: Performs technical as well as operational support to school districts using the CIMS financial and payroll accounting system. School district data is accessed at the school district sites, allowing each district to be responsible for their daily input and retrieval. The Technology Division also coordinates and provides various software training opportunities for school district employees.

Education Services: Responsible for overseeing the administration of the small schools consortium which was established for the purposes of supporting small schools needs and activities. The consortium district is comprised of 12 small school districts that have limited resources due to their relatively small tax base and fewer students.

Scope and Methodology

The objectives of this audit were to determine if:

- Adequate controls are in place over warrant processing and the funds verification process
- Garnishments are processed accurately and in accordance with applicable legal requirements
- Performance measures for key results are properly calculated and reported
- SOS adequately documents and reports petty cash, cash receipts, and deposits to the Treasurer's Office
- User access, program changes, and security of information technology is properly controlled

This audit was performed in accordance with generally accepted government auditing standards.



The County Regional School District includes the Pappas Regional Elementary School...



...and the Pappas Regional Middle School

Department Reported Accomplishments

The Superintendent of Schools provided the following information for inclusion in this report.

Home & Private School Division

The Home & Private School division has a new advanced website, which plays an active role in increasing awareness and educating home & private schooling prospective parents on laws, forms, and upcoming events. With the number of home & private school students rapidly increasing, now nearly 9,000 and 20,100 respectively, this division continues to maintain accuracy and efficiency without increasing operating expenses.

Educational Service Agency

Educational Service Agency (ESA) provides educational services to all districts in Maricopa County including needed technical and consultative services to the 11 small and/or rural school districts. This includes the oversight and management of a number of grants, including E-rate subsidies, Special Education, Gifted, Prevention, and supplemental tax based small and/or rural school funds. Recently the Small Schools Consortium applied for and was awarded \$1 million for Teaching American History, \$850,000 to provide 21st Century Learning Centers to two of the underperforming small schools, and \$184,000 for Maricopa and Gila Counties to partner in the area of technology aligned to the state articulated standards. Additionally, ESA directs Reading First, English Language Learner, and professional development training in the area of Math and Science to all districts and charter schools within Maricopa County. Recently ESA applied for and was awarded \$200,000 for technology integration, \$73,000 for ELL Staff Development, \$170,000 for Professional Development under Title II and \$126,000 for Community Service.

Technology

Our technology department has improved internal processes such as reduction of data entry through automation, improved reporting for grants maintenance, increased information accessibility to other SOS divisions using outlook public folders and network sharing capabilities. Implemented data file transfers with the Treasurer, eliminating the need for tape processing and delivery. Implemented a successful training schedule for system users, offered to all school districts in Maricopa County, which has resulted in a 97% positive customer satisfaction levels as reported in the training evaluations. Completed a large RFP evaluation process, involving school districts, SOS staff, and other county departments, which will improve the technologies provided to the school districts for their business office functions. Increased information accessibility using the SOS we site, which provides enhanced services to the public and school districts including Spanish related information.

School District Elections

School District Elections has successfully implemented new procedures in conjunction with County Counsel to efficiently conduct school district elections. This in turn has increased involvement and satisfaction of the school districts as reflected in recent customer satisfaction surveys.

Finance Division

School Finance has successfully instituted a garnishment fee program for the new garnishments that we receive; this has generated approximately \$60,000 in revenues for the County General Fund over the last two years. Over the past year, the reconciliation department has cleaned up "reconciling items" for the school districts and updated them to the extent possible. This has involved several site visits and working with the personnel in the districts. This division has successfully cross-trained all employees so that each job function has a backup, which allows us to have the confidence that our services will not be interrupted even during unexpected leaves.

Office of the Director

Office of the Director, our department received the FY 2003 Fiscal Fitness Award and honorable mention for the Strategic Fitness Award presented by Maricopa County Office of Management and Budget. We continue to participate in all County mandated meetings or trainings. Provided interim administrative support to various school districts, including Wilson, Union and the MCSRS during transitional periods to ensure the delivery of quality educational services to students. The areas of support included administration, curriculum and instruction, human resources, finance and technology. In addition assisted with the development of an East Valley homeless program by opening the Tempe Pappas School.

Overall, Dr. Dowling and the Maricopa County Schools Superintendent's Office has been successful in developing community relations and awareness of programs while maintaining an efficient and productive office environment. This is evident by the 94.8 percent Good/Excellent results as reported in our annual customer satisfaction survey in addition to the number of departmental accomplishments.

Issue 1 Cash Receipts

Summary

Overall, SOS utilizes documented procedures for the cash receipts process. However, the addition of key cash receipt controls would decrease the risk of errors or the misdirection of cash receipts. SOS should strengthen procedural controls for safeguarding assets, such as cash receipts.

Cash Receipt Weaknesses

The SOS office receives fees for garnishments, communications, and other services, as well as small amounts of cash paid by the public for copies. The office also maintains a petty cash fund of \$100 for postage and small dollar items not covered under contract.

We analyzed SOS's controls over receipt handling procedures related to cash, checks, and the petty cash fund. SOS has documented cash receipt procedures and follows the County policy for petty cash. Overall, SOS procedures reflect adequate segregation of duties, utilization of a numbered receipt book for cash receipts, and performance of monthly reconciliations. However, the following control weaknesses were noted during the review:



The SOS processes around \$60,000 in cash receipts annually

- No Mail log is used for incoming checks and checks are not immediately endorsed
- Cash receipt log is created only on a weekly basis
- No reconciliation of daily cash collections
- Checks are kept in an open file drawer during business hours
- Receipts not deposited timely (average of four days)

Effect

We did not find any cash receipts that were not accounted for. However, we found a \$1,000 recording error between Garnishment and Communication fee revenue. This error occurred because Garnishment cash receipts were not correctly reconciled to deposits.

AICPA Recommended Controls

The State and Local Government Committee of the American Institute of Certified Public Accountants (AICPA) recommends over forty safeguards and procedural controls over cash receipts.

Safeguards include:

- Cash receipt duties should be adequately segregated
- Incoming checks should be restrictively endorsed when received
- Cash receipts should be deposited in a timely manner; any cash not yet deposited should be adequately secured
- Cash receipts should be balanced to daily cash collections on regular basis
- Accounting for cash receipts and balancing them to collections or billings

Recommendation

Superintendent of Schools should:

- A. Make deposits timely, and, develop procedures for safeguarding receipts in the event that cash receipt activities cannot be promptly completed.
- B. Restrictively endorse checks when mail is opened rather than later in the process and perform reconciliations with the mail log.
- C. Compare school district billings to cash receipts log for each deposit made and ensure that cash receipts are booked correctly.

Issue 2 Garnishments

Summary

There is a lack of segregation of duties within the SOS garnishment process. Controls in place are not adequate to ensure the safeguarding of assets. SOS should segregate cash receipt, cash disbursement, and accounting duties. In addition, SOS should ensure that monthly fund reconciliations are reviewed and approved by an individual not involved in the garnishment process.

Garnishment Processing

SOS performs garnishments for the Maricopa County School Districts. SOS is not mandated by statute to perform garnishments, but does so as a service to the districts. However, SOS must comply with applicable Arizona Revised Statutes. Garnishments must be initiated by a court order and levies are initiated by a taxing agency. Garnishments are processed using an Access database program, the Garnishment Management System (GMS).

AICPA Recommended Controls

The AICPA Government Accounting and Financial Reporting Manual cites a comprehensive list of procedures and functions that should be segregated. AICPA procedures suggest segregating the following responsibilities:

- Collection and deposit preparations from those for recording cash receipts and general ledger entries
- Cash receipt functions from those for cash disbursements
- Initiating, evaluating, and approving transactions from those for detail accounting, general ledger, and other related functions

Transaction Testing

All FY 2003 garnishment transactions tested were processed accurately. We judgmentally selected thirty-six (36) employees out of 601 initiated garnishments, pulled case files, and verified that garnishment activity was supported by appropriate documentation. We also tested the timeliness of garnishment processing and verified that garnishment fees were collected and deposited with the Treasurer.

Additionally, twenty-four (24) transactions were tested to determine if the amount of money withheld from the employee's paychecks equaled the amount that was disbursed to creditors. We compared the total amount disbursed to the creditor to the claim amount awarded by the court. No exceptions were noted related to the processed transactions.

Segregation of Duties

There is a serious lack of segregation of duties within the garnishment process. The Garnishment Administrator is involved with cash receipts, cash disbursements, and the accounting functions. The Garnishment Administrator performs the following duties:

- Sets up initial garnishment by entering information into the system
- Receives payroll checks to be garnished
- Receives checks from school district for garnishment fees
- Prepares deposits for the Treasurer
- Records cash receipts in the system
- Prepares monthly journal entries
- Reviews checks for accuracy and stuffs envelopes with checks and original pay stub

Involvement by one person in so many cash receipt and disbursement functions could allow errors or irregularities to occur and go undetected. In addition, controls over the GMS fund reconciliation should be improved.

Recommendation

Superintendent of Schools should:

- A. Segregate the cash receipt, cash disbursements, and accounting duties within the garnishment process.
- B. Ensure that monthly GMS fund reconciliations are dated, reviewed, and approved by an employee not involved in the garnishment process.

Issue 3 Grazing Fees

Summary

A balance of \$17,700 in the County School Fund is available for transfer to the County General Fund. The monies, originating from federal grazing fees, have accumulated in the fund since 1995. SOS should work with County management to transfer the money to the General Fund and periodically monitor the fund to make sure all revenues are received.

Grazing Fees

Through the federal Taylor Grazing Act, the County receives fees related to cattle grazing on public lands. The revenue, from grazing permits, is allocated to the State of Arizona and then to Maricopa County to operate school districts within the County. The County School Fund receives between \$200 and \$500 per month in grazing fees and interest. The funds have accumulated without disbursement or transfer from fiscal year 1995 through the current fiscal year, and currently total \$17,700.



The County School Fund receives monies each month via the federal Taylor Grazing Act

Transfer to the General Fund

The SOS receives a portion of its funding from the County General Fund. The amount SOS receives is calculated each year by deducting available state revenues from SOS budgeted expenditures. The County contributes the difference on a “fill-the-gap” basis. Because the grazing fee monies have accumulated and were not accounted for in this calculation, the fund balance should be returned to the General Fund.

Recommendation

Superintendent of Schools should:

- A. Work with County management to transfer the appropriate monies to the General Fund.
- B. Review and reconcile grazing fees periodically to ensure all revenues were received.

Issue 4 Warrant Processing

Summary

Adequate controls are in place over warrant processing. The payroll and accounts payable warrants and payment vouchers reviewed were processed accurately. No significant exceptions were noted.

County Policy Requirements and AICPA Controls

The State and Local Government Committee of the Arizona Institute of Certified Public Accountants (AICPA) has established a comprehensive list of safeguards and procedural controls over cash disbursements. AICPA procedures suggest establishing controls such as comparing warrants or checks with disbursement detail such as the payment voucher and implementing procedures to ensure that transactions are properly processed and recorded.

Payroll and Expense Warrants

SOS processes payroll and expense warrants for 41 school districts. The districts input the data into the CIMS system and submit the payment voucher to the SOS office. SOS staff verifies that the voucher has been approved and then processes the warrants. Four (4) pilot districts process and print their own payroll and expense warrants, however the warrants are signed at SOS. The warrants are printed and picked up by courier and delivered to the individual school districts by a courier for distribution.

Duplicate Payment Voucher

We reviewed \$11.5 million of warrants processed for the month of April 2003. One school district submitted two payment vouchers; one for payroll and one for AP, using the same payment voucher number. The financial system CIMS does not prevent the same payment voucher number from being used twice. SOS is aware of the situation and is in the planning process of implementing a new system. The SOS office also sends out a memo to the school districts when a duplicate payment voucher number is submitted for payment. The ability to use duplicate payment voucher numbers poses the risk that school districts may submit duplicate payment vouchers for the same invoice, however the risk is at the school district level and does not apply to the SOS office.

Recommendation

None, for information only.

Issue 5 Performance Measures

Summary

Our review of five key performance measures found controls in place, but also found some minor exceptions with results. Two of five measures were certified as accurate. SOS should conduct surveys timely and ensure results reflect measure definitions.

Cause

Performance measure #1 was not accurate because the department used incorrect figures for the performance calculation, which deviated from the measurer's definition. In addition, the annual survey was conducted in the following fiscal year and not during the 4th quarter of reported fiscal year. Performance measures were not applicable because the surveys did not address specific measures or because the survey was not yet developed.

Effect

The certification ratings of "Inaccurate" or "Factors Prevented Certification" may call into question the reliability of reported key performance measures.

SUPERINTENDENT OF SCHOOLS Performance Measures Summary Table	Certified	Certified with Qualifications	Factors Prevented Certification	Inaccurate	Not Applicable
1. Percent of Home School families who report good/excellent service on the annual survey				✓	
2. Percent of Home School families who report, on annual survey, good/excellent service with the private/Home School information packet			✓		
3. Percent of customers who report good/excellent service on annual district support survey	✓				
4. Percent of customers who report overall good/excellent service on annual small schools district support	✓				
5. Percent of customers who report overall good/excellent service on the elections satisfaction survey					✓

Key Measure #1: Percent of Home School families who report good/excellent service on the annual survey.

Results: Inaccurate

SOS used incorrect figures for the performance calculation, which deviated from the measurer's definition. In addition, the annual survey is conducted in the following fiscal year and not during the 4th quarter of reported fiscal year. The anticipated FY 03 annual result was 90%.

Measure # 1	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Annual
Reported	N/A	N/A	N/A	N/A	88.9 %
Actual	N/A	N/A	N/A	N/A	69.6 %

Key Measure #2: Percent of Home School families who report good/excellent service on the annual survey with the private/Home School information packet.

Results: Factors Prevented Certification

Current survey did not properly address this new measure. A new survey will be utilized in FY 04.

Measure # 2	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Annual
Reported	N/A	N/A	N/A	N/A	0 %
Actual	N/A	N/A	N/A	N/A	Unknown

Key Measure #3: Percent of customers who report good/excellent service on annual district survey report.

Results: Certified

During our review, we found adequate controls in place, accurate figures reported, and no exceptions in our sampled source data. The anticipated FY 03 annual result was 94%.

Measure # 3	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Annual
Reported	N/A	N/A	N/A	N/A	94.2%
Actual	N/A	N/A	N/A	N/A	94.2%

Key Measure #4: Percent of customers who report overall good/excellent service on annual small schools district support.

Results: Certified

During our review, we found adequate controls in place, accurate figures reported, and no exceptions in our sampled source data. The anticipated FY 03 annual result was 98%.

Measure # 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Annual
Reported	N/A	N/A	N/A	N/A	98.0%
Actual	N/A	N/A	N/A	N/A	97.8%

Key Measure #5: Percent of customers who report overall good/excellent service on the elections satisfactions survey.

Results: Factors Prevented Certification

A survey instrument has not yet been developed for this measure. SOS has indicated that they are rethinking this measure. SOS personnel initially thought annual surveys would cover school districts having elections every quarter.

Measure # 5	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Annual
Reported					0%
Actual	Unknown	Unknown	Unknown	Unknown	Unknown

Recommendation

SOS should:

- A. Conduct annual surveys at the end of the fiscal year during the fourth quarter.
- B. Conduct quarterly surveys after each election.
- C. Ensure that results reflect measure definition.

Issue 6 General Technology Controls

Summary

SOS general information technology (IT) controls over the Comprehensive Information Management System for Schools (CIMS) appear to be adequate overall. However, controls were not in place to identify users with inappropriate system access. In addition, the SOS does not have a formal disaster recovery and business continuity plan. SOS should strengthen controls over these IT areas by running periodic reports identifying inappropriate user access and developing a formal disaster recovery plan.

System Environment

SOS's primary business application is the Comprehensive Information Management System for Schools (CIMS), which runs on an IBM AS 400 mainframe. The SOS technology division is responsible for supporting the system, including providing system access and technical support. School district employees access the CIMS system to perform financial processing and to input payroll.

Best Practices

IT best practices recommend that:

- Written policies and procedures exist to ensure consistent operation of the key services and activities, and facilitate training of new employees
- Strong controls should be enforced to ensure passwords are not comprised when they are used as the primary means of authenticating user access
- A Business Continuity Plan exist to ensure that essential business functions are able to continue in the event of unforeseen circumstances

IT Policies and Procedures

SOS has not developed formal procedures for user access or program changes. SOS does have forms for initiating user access and program changes.

User Access

There are 38 out of 213 CIMS system users with inappropriate access levels based on the user's job requirements. The additional level of access allows users to gain access to screens that are not included on their menu or access level. Unnecessary access can jeopardize the confidentiality and integrity of system data. SOS should run reports periodically to review user access levels.

Program Changes

Adequate controls are in place to provide reasonable assurance that changes made to existing applications and new applications being developed are authorized, tested, approved, and properly documented. All changes were documented accurately and no exceptions were found.

Disaster Recovery & Business Continuity Plans

The SOS does not have a documented disaster recovery plan or business continuity plan in case of an extended loss of computer resources. In an emergency situation, SOS cannot ensure that it will be able to maintain its critical business functions. SOS should develop a written disaster recovery and business continuity plan.

Recommendation

The Superintendent of Schools should:

- A. Establish written policies and procedures for user access and program changes.
- B. Periodically run reports to review user access levels.
- C. Develop a written disaster recovery and business continuity plan.

Department Response

Department Response

SUPERINTENDENT OF SCHOOLS - FEBRUARY 2004

Issue #1:

Overall, SOS utilizes documented procedures for the cash receipts process. However, the addition of key cash controls would decrease the risk of error or the misdirection of cash receipts. SOS should strengthen procedural controls for safeguarding assets, such as cash receipts.

Response: Concur. Recent staff changes have weakened our procedural controls for cash receipts. We concur that an effective system of internal controls consists of the implementation of proper procedures and safeguards for cash receipts.

Recommendation A: Make deposits timely, and, develop procedures for safeguarding receipts in the event that cash receipt activities cannot be timely completed.

Response: Concur – completed. We have developed and implemented new procedures as well as obtained a lock box for securing the cash receipts that cannot be deposited.

Target Completion Date: Completed

Benefits/Costs: Improved control over the cash receipt process to ensure safekeeping.

Recommendation B: Restrictively endorse checks when mail is opened rather than later in the process and perform reconciliations with the mail log.

Response: Concur –completed. In addition to the development of new procedures, we have moved some of the cash receipt responsibilities to our receptionist to ensure that the mail log is used and incoming checks are endorsed immediately upon receipt.

Target Completion Date: Completed

Benefits/Costs: Improved accounting for cash receipts.

Recommendation C: Compare school district billings to cash receipts log for each deposit made and ensure that cash receipts are booked properly.

Response: Concur –completed. We have developed and implemented new procedures.

Target Completion Date: Completed

Benefits/Costs: Reduced risk of errors or the misdirection of cash receipts.

Issue #2:

There is a lack of segregation of duties within the SOS garnishment process. Controls in place are not adequate to ensure the safeguarding of assets. SOS should segregate cash receipt, cash disbursement, and accounting duties. In addition, SOS should ensure that monthly fund reconciliations are reviewed and approved by an individual not involved in the garnishment process.

Response: Concur. Recent staff changes have delayed the reorganization of the garnishment process to ensure proper segregation of duties. We concur that an effective system of internal controls calls for an adequate segregation of duties within our garnishment process.

Recommendation A: Segregate the cash receipt, cash disbursements, and accounting duties within the garnishment process.

Response: Concur – in process. We are cross training other employees in the garnishment process as well as developing new procedures to ensure an effective system of internal controls.

Target Completion Date: 07/01/04

Benefits/Costs: Enforces internal control procedures as well as adequate backup for the garnishment process.

Recommendation B: Ensure that monthly GMS fund reconciliations are dated, reviewed, and approved by an employee not involved in the garnishment process.

Response: Concur – in process. We are developing new procedures to ensure that an employee not involved in the garnishment process completes all facets of the monthly GMS reconciliations.

Target Completion Date: 07/01/04

Benefits/Costs: Segregation of duties decreases the risk of errors or irregularities to occur and go undetected as well as enforces internal control procedures over the garnishment process.

Issue #3:

A balance of \$17,700 in the County School Fund is available for transfer to the County General Fund. The monies, originating from federal grazing fees, have accumulated in the fund since 1995. SOS should work with County management to transfer the money to the General Fund and periodically monitor the fund to make sure all revenue are received.

Response: Concur. We will work with the Office of Management and Budget to ensure the transfer of accumulated funds to the General Fund. We will also develop procedures to accurately monitor revenues from grazing fees.

Recommendation A: Work with County management to transfer the appropriate monies to the General Fund.

Response: Concur – in process.

Target Completion Date: 07/01/04

Benefits/Costs: Increased accuracy of the reporting of grazing fees.

Recommendation B: Review and reconcile grazing fees periodically to ensure all revenues were received.

Response: Concur – in process.

Target Completion Date: 07/01/04

Benefits/Costs: Additional revenues to possibly fund school related programs offered to school districts in Maricopa County.

Issue #4:

Adequate controls are in place over warrant processing. The payroll and accounts payable warrants and payment vouchers reviewed were processed accurately. No significant exceptions were noted.

Response: Concur.

Recommendation A: None, for information only.

Issue #5:

Our review of five key measures found controls in place but some minor exceptions with results. Two of five measures were certified as accurate. SOS should conduct surveys timely and ensure results reflect measure definition.

Response: Concur. Revisions made to our Strategic Plan during the 2002 MFR revision process prevented certification of all measures. During the revision process, our key performance measures were modified and new ones were developed to ensure the results reflected strategic data that would be useful in the department's decision making. Since our department conducted satisfaction surveys prior to the MFR revisions, the survey results did not reflect the revised measure definitions. We concur that the timing of the surveys was inaccurate; therefore we have rescheduled the surveys to the fourth quarter to ensure proper reporting of results.

Recommendation A: Conduct annual surveys at the end of the fiscal year during the fourth quarter.

Response: Concur – in process. The annual surveys have been rescheduled to the fourth quarter of the fiscal year.

Target Completion Date: Completed

Benefits/Costs: Proper reporting of performance measure results.

Recommendation B: Conduct quarterly surveys after each election.

Response: Concur –completed. We conducted the first elections' surveys immediately after the November 2003 special school district elections.

Target Completion Date: Completed

Benefits/Costs: Proper reporting of performance measure results.

Recommendation C: Ensure that results reflect measure definition.

Response: Concur – completed. We have revised the survey instruments to ensure that results reflect measure definition.

Target Completion Date: Completed

Benefits/Costs: Accurate reporting of results.

Issue #6:

SOS general information technology (IT) controls over the Comprehensive Information Management System for Schools (CIMS) appear to be adequate overall. However, controls were not in place to identify users with inappropriate system access. In addition, the SOS does not have a formal disaster recovery and business continuity plan. SOS should strengthen controls over these IT areas by running periodic reports identifying inappropriate user access and developing a formal disaster recovery plan.

Response: Concur. On February 4, 2004, the Board of Supervisors approved funding for the purchase and implementation of a new financial system, which will replace the current Comprehensive Information Management System for Schools (CIMS). The first group of school districts is scheduled to go live July 1, 2004. During this implementation process, we will ensure that internal controls are in place through written policies and procedures and we will ensure that a formal disaster recovery and business continuity plan is in place.

Recommendation A: Establish written policies and procedures for user access and program changes

Response: Concur - in process. The new procedures for user access and program changes will include authorization forms.

Target Completion Date: 6/30/2005

Benefits/Costs: Written policies and procedures ensure consistent operation of the key services and activities and facilitate training of new employees.

Recommendation B: Periodically run reports to review user access levels.

Response: Concur - in process.

Target Completion Date: 1/31/05

Benefits/Costs: Improved internal controls.

Recommendation C: Develop a written disaster recovery and business continuity plan.

Response: Concur - in process.

Target Completion Date: 8/30/04

Benefits/Costs: Continuation of essential business functions even during the event of unforeseen circumstance.

Approved By:


Department Head/Elected Official

2-23-04
Date